

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FLEMING COUNTY WATER)	
ASSOCIATION, INC. OF FLEMINGSBURG,)	
KENTUCKY FOR (1) A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY (2) APPROVAL)	CASE NO. 94-324
OF THE PROPOSED PLAN OF FINANCING SAID)	
PROJECT (3) AN ORDER APPROVING THE)	
ADJUSTMENT OF RATES)	

O R D E R

On September 6, 1994, Fleming County Water Association, Inc. ("Fleming County") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,538,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will provide service to 250 additional customers. Project funding includes a \$885,600 loan from the Farmers Home Administration ("FmHA"), a \$576,400 grant from FmHA, and \$76,000 from applicants for service in the proposed project area. The loan will be for a 40-year period at an interest rate of 4.5 percent per annum.

Fleming County's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water associations and FmHA and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on September 6, 1994, KRS

278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

KRS 278.023(3) provides that the Commission may recommend changes in the project. Fleming County proposes to install four individual 2-inch water lines, each of which exceed the maximum length allowed by Commission Regulation 807 KAR 5:066, Section 10(2)(a). The Commission recommends that the project should be changed so that these lines comply with the regulation. Fleming County should review this portion of its project and report on the reasons for its failure to comply with the regulation and any action it determines appropriate to remedy its failure to comply.

IT IS THEREFORE ORDERED that:

1. Fleming County is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Fleming County's proposed plan of financing with FmHA is accepted.

3. Within 30 days of the date of this Order, Fleming County shall report to the Commission on the reasons for its failure to comply with 807 KAR 5:066, Section 10(2)(a).

4. Fleming County shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

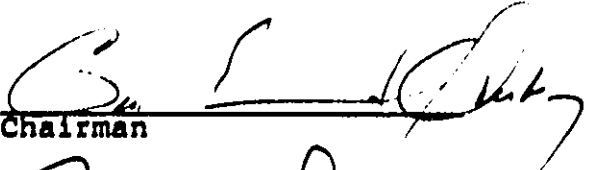
6. Fleming County shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

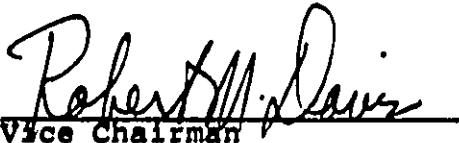
7. Fleming County shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Fleming County shall take immediate action to bring the system into compliance with Commission regulations.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 28th day of September, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-324 DATED SEPTEMBER 28, 1994

The following rates and charges are prescribed for the customers in the area served by Fleming County Water Association, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

ALL CUSTOMERS:

First	2,000 Gallons	\$11.15 Minimum Bill
Next	8,000 Gallons	4.95 Per 1,000 Gallons
Next	40,000 Gallons	3.32 Per 1,000 Gallons
Next	50,000 Gallons	2.40 Per 1,000 Gallons